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6 February 1959

Chief, D/I  
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TO: Assistant Director for Research and Reports  
FROM: Chief, Economic Research Area  
SUBJECT: Activity Report for the Month of January 1959

Current and Other Support Activity

1. In January, current support for OCI involved articles on the usual year-end economic statements published by the USSR and the several European Satellites. Background material--notably on the Soviet reorganization and spot reporting was also required on the 21st Party Congress. Other articles published in OCI media dealt with the bloc arms trade, Soviet economic pressure on Free World nations, and Soviet missile developments. Support to the USIB Watch Committee continued on a level--formerly considered high--which will apparently prevail so long as the Berlin, Taiwan, and Middle Eastern situations remain unresolved. Support for the DDI and DCI continued to reflect high level interest in development of Chinese communes.

2. Comments on the implications of Khrushchev's statement on series production of ICBMs were prepared for the White House.

3. A formal request was received from Chief, SR for a series of detailed target studies of selected guided missile facilities in the USSR. The DD/P request is being filled jointly by ORR and OSI. Within ORR, arrangements have already been made for considerable support to I/GM from both I/AS [redacted] and D/CG/U. 25X1A9a

4. Papers were prepared by Materials Division for DCI presentation to Congress on comparison of Communist Chinese Crop Yields with Yields in the US and Japan, and on effects of the alleged dumping of aluminum by the USSR.

Research, Planning and Program Development

5. Chief, I/CI, presented a briefing to the DD/I and all intermediate echelons of ORR on the progress made and some of the problems encountered by the Branch since its expansion a year ago. As a result of this briefing, a systematic review of the mission and functions, activities, and personnel resources of the Branch has been initiated by D/Ch/E.

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of experience in the design and construction of chemical plants in China and Taiwan. He furnished some new and valuable information on Chinese nitrogen fertilizer plants, and it is anticipated that his knowledge and experience will be very useful to M/CH in the continuing analysis of developments under the "Leap-Forward" program.

Significant Briefings, Debriefings, Speeches, and Liaison Activities

25X1A9a 7. Following a visit by [REDACTED] M/CH, to [REDACTED] last year, a 25X1X7  
brief paper on the "Synthetic Rubber Industry of the USSR" was prepared

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25X1X7. Messrs. [REDACTED] A/U, presented briefings to the 25X1A9a  
[REDACTED] the US intelligence community. Subjects of these  
briefings were "The Soviet Industrial Reorganization" and "The Soviet Budget."

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9. Mr. [REDACTED] Chief, D/S, spoke on 20 January to the Foreign Service Institute on the subject, "Soviet Trade and Aid Programs." Earlier in the month he debriefed Governor Harold E. Stassen on the latter's conversation with A. Mikoyan.

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10. Final preparations have been made for the ORR participation in the forthcoming [REDACTED] Conference on Guided Missile Intelligence in [REDACTED] (5-20 February). Chief, I/GM, will be a member of the four-man CIA delegation. A detailed, annotated outline of the US paper on Soviet missile production which ORR has been asked [REDACTED] to present at the Conference has been prepared and coordinated. Chief, I/GM, will also present the US reply to a paper to be presented by the [REDACTED] on Soviet missile deployment. Following the Conference, [REDACTED] will proceed to [REDACTED] for conference with and support to Agency personnel concerned with guided missile activities [REDACTED]

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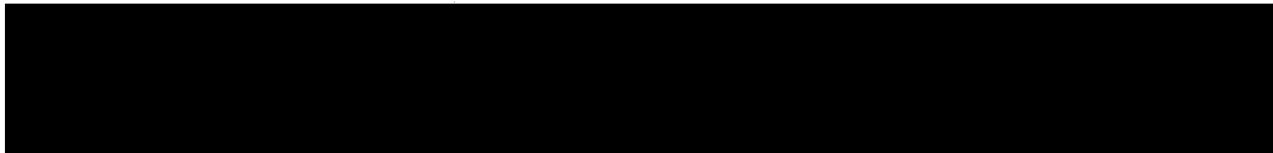
11. Messrs. [REDACTED] of I/EE participated in the [REDACTED] Intelligence Conference on Soviet Bloc Electronics, held in [REDACTED] during 12-23 January 1959. Messrs. [REDACTED] S/COM, presented four papers on Bloc telecommunications facilities at the Conference.

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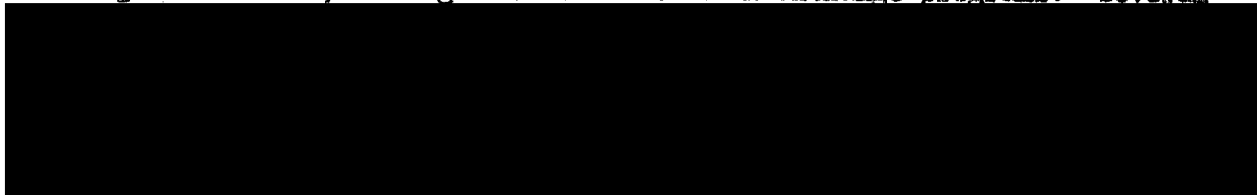
USIB Committee Activities

25X1A9a 14. Mr. [REDACTED] (I/GM) has been appointed CIA member of a newly-formed GMIC Ad Hoc Working Group on Missile Launching Sites. 25X1A9a Messrs. [REDACTED] presented ORR's findings on Soviet missile deployment to the group. These findings formed the basis of the Working Group's report to GMIC.

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15. Support was provided by Mr. [REDACTED] (I/GM) to OSI and GMIC in the case of the Z-class submarines. After prolonged consideration by GMIC extending through four meetings on the subject, the controversy between the Navy and the remainder of the Community over whether the modified Z-class submarines were "probably" or "possibly" equipped with ballistic missiles was left unresolved by a GMIC statement to USIB that this was a "distinct possibility", along with a Navy footnote that it was "the most plausible explanation".

16. Evaluations have been prepared for the USIB ad hoc Committee on Exchanges on the US/USSR Agriculture and Steel exchange programs. Several



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17. The JAEIC Economic Working Group held a meeting to prepare a draft economic section for NIE 11-2-59. In addition Chief, D/M and Chief, M/PP, attended meetings of JAEIC and consulted with members of NED/SI on various other parts of the draft estimate, including the sections on U-235 and plutonium production.

Problems

18. ERA reviewers continue to find numerous deficiencies in service contributions to NIS Section 64. I/SH has scheduled conferences with ONI to discuss corrections in the ONI draft on Soviet Shipbuilding. The contribution on Soviet missiles, which under NIS allocations, has been prepared by the Army, is to be coordinated through GMIC. Review of the contribution from Ordnance Technical Intelligence Agency (OTIA) dealing with East German military explosives production has been protracted by differences between OTIA and M/CH and will require further consultation. These reviews continue to be time consuming, particularly since the Agency coordinators are charged with the responsibility, but not the authority, to produce coordinated contributions.

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19. The USSR Branch has noticed some deterioration in the quality of Moscow Embassy economic reporting within the past few months and is preparing a memorandum to substantiate its views.

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Miscellaneous

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20. The campaign sponsored by Mrs. [REDACTED] (I/GM) to divert funds from the exchange of Christmas cards among ORR colleagues to something more in keeping with the spirit of Christmas, such as a special donation to CARE, resulted in the collection of \$66.52 from members of ORR. The donation was made anonymously to CARE.

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21. Mr. [REDACTED] submitted a critique on [REDACTED] index of Soviet industrial production to the [REDACTED]

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22. Mr. [REDACTED] 25X1A9a

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(I/GM) departed for [REDACTED]

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23. During January five more ERA recruits filed applications and one was put in process. To date eighteen candidates recruited **last fall** have been put in process, but two have cancelled to accept other positions and two have been rejected.

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[REDACTED]

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St/PR/RR:DF [REDACTED]:blw/2803 (6 Feb 59)

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